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REPORT OF THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE ON ITS EIGHTH SESSION BONN, 2-12 JUNE 1998

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I. OPENING OF THE SESSION
(Agenda item 1)

1. The eighth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) was held at the Hotel Maritim, Bonn, from 2 to 12 June 1998.

2. The Chairman of the SBSTA, Mr. Kok Kee Chow (Malaysia), opened the session on 2 June 1998. He welcomed all delegates and observers and wished the participants a successful session. The Chairman noted that this was the first session of the SBSTA since the Conference of the Parties (COP), at its third session, had adopted the Kyoto Protocol to the United Nations Framework Convention on Climate Change. The Chairman remarked that all delegates should feel pride in that achievement and expressed the hope that the momentum of work thus generated would be maintained. Observing that this was the only occasion on which the SBSTA would meet before the fourth session of the Conference of the Parties (COP 4), the Chairman urged all Parties to seek common ground and prepare recommendations for decisions to be adopted at COP 4. The extended meeting time available to the SBSTA at this session should facilitate such progress. He concluded by encouraging Parties to make the best use of the time available to them.

3. At the 1st meeting, on 2 June, the Executive Secretary also welcomed all participants to the session. He noted that, whilst certain items on the SBSTA provisional agenda could be dealt with quickly, others, such as items 6 (b) and 8, would probably require more time. In this context, the Executive Secretary emphasized the need for flexibility so as to allow the necessary sequencing and coordination between the two subsidiary bodies in the consideration of agenda items.

4. At the 2nd meeting, which was held jointly with the Subsidiary Body for Implementation (SBI) on 2 June, statements were made by Her Excellency María Julia Alsogaray, Secretary of Natural Resources and Sustainable Development, Argentina, Mr. Klaus Töpfer, Executive Director, United Nations Environment Programme (UNEP) and the Executive Secretary.

5. Her Excellency María Julia Alsogaray emphasized the need for COP 4 to maintain the "spirit of Kyoto" and to make progress in rendering the Kyoto Protocol operational. Minister Alsogaray emphasized that the government of Argentina would, as host government of COP 4, be doing its utmost to promote such progress. As an example of an area where particular progress might be made, she identified broad interest in the early functioning of the clean development mechanism, as well as in emissions trading. She noted that accounting and verification underlie both these issues and that developing procedures and mechanisms for compliance will also become critical. In closing, Minister Alsogaray called upon all Parties to help identify achievable priorities to enable COP 4 to advance the work begun at Kyoto.

6. Mr. Klaus Töpfer reminded delegates that 5 June was World Environment Day. The occasion was a reminder of the need to decouple economic growth from environmental pollution.

Flexible economic instruments could help to attain this goal at lowest cost by ensuring that "prices tell the environmental truth". Mr. Töpfer underscored the need for close cooperation between institutions in the United Nations family, and outlined the means by which UNEP, in cooperation with the conferences of the parties to the "Rio conventions", might aid in the achievement of common environmental goals. He identified the need for a better scientific assessment of the linkages between the conventions and of possible synergies in their programmes, for example, with respect to the crosscutting environmental demands posed by hydrofluorocarbon gases (HFCs). UNEP also looked forward to cooperating with the United Nations Conference on Trade and Development (UNCTAD) with the aim of promoting an inter-governmental process on the use of economic instruments for the effective implementation of environmental policy. In closing, Mr. Töpfer emphasized the need for all institutions to work together to meet common goals.

7. The Executive Secretary began by thanking Minister Alsogaray and Mr. Töpfer for their statements. With particular reference to Mr. Töpfer's remarks, the Executive Secretary underlined the importance of building on the potential for policy coherence and positive linkages among different conventions. In this context, he recalled his suggestion to the COP Bureau that the SBSTA might consider inviting UNEP to address issues relating to HFCs and to land-use change and forestry which cut across the Kyoto Protocol and other legal instruments. The Executive Secretary then offered some comments regarding work on the mechanisms envisaged in Articles 6, 12 and 17 of the Kyoto Protocol. Firstly, he observed that, since Kyoto, a multiplicity of activities on the mechanisms had been initiated by various organizations. He informed the subsidiary bodies that the secretariat had recently convened a meeting of a number of such organizations to exchange information on their activities. The information collected could be found in documents FCCC/SB/1998/MISC.2 and Add.1. Secondly, the Executive Secretary turned to the secretariat work programme with respect to the mechanisms, noting that, to date, this had centred around methodological issues relating to the pilot phase of activities implemented jointly. He suggested that this work could be adapted to the needs of the new mechanisms, in particular joint implementation (Article 6) and the clean development mechanism (Article 12) and, in this context, he drew the attention of Parties to the note by the secretariat contained in document FCCC/SB/1998/2. In particular, the Executive Secretary proposed that the secretariat could make inputs to the design of modalities for certification under these two articles, both of project activities and of emission reductions, as appropriate, as well as to the architecture of governance. He noted that such functions should be kept separate from the promotion and finance of projects; therefore, the secretariat should not be involved in such work as the design of financial mechanisms, arrangements for the preparation of projects or investment clearing houses. The Executive Secretary further underscored the potential contribution of the secretariat to work on related elements of the Kyoto Protocol, such as guidelines for national systems, the accounting of assigned amounts and compliance, observing that the credibility of the Kyoto Protocol would depend on the effectiveness of these procedures. The Executive Secretary concluded by noting that he looked forward to guidance from Parties on the work programme of the secretariat, in the light of his comments.

II. ORGANIZATIONAL MATTERS
(Agenda item 2)

A. Adoption of the agenda
(Agenda item 2 (a))

8. At its 1st meeting, on 2 June, the SBSTA considered the provisional agenda contained in document FCCC/SBSTA/1998/1.

9. Statements were made by representatives of eight Parties, including one speaking on behalf of the European Community and its member States and another speaking on behalf of the Group of 77 and China.

10. The SBSTA agreed to amend provisional agenda items 6 (e) and 8 to read "Other matters, including matters referred to the SBSTA by the SBI" and "Mechanisms", respectively, and adopted the following agenda:

1. Opening of the session.

2. Organizational matters:

   (a) Adoption of the agenda;
   (b) Election of officers other than the Chairman;
   (c) Organization of the work of the session;
   (d) Allocation of work - issues arising from decision 1/CP.3,[1] paragraph 6;
   (e) Organization of the work of future sessions.

3. Cooperation with relevant international organizations.

4. National communications:

   (a) Communications from Parties included in Annex I to the Convention;
   (b) Communications from Parties not included in Annex I to the Convention: methodological aspects of consideration process.

5. Article 6 of the Convention: Education, training and public awareness.

6. Methodological issues:

   (a) Emissions inventories;

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[1] For the full text of decisions adopted by the Conference of the Parties at its third session, see document FCCC/CP/1997/7/Add.1.

(b) Land-use change and forestry - decision 1/CP.3, paragraph 5 (a);
(c) Impact of single projects on emissions in the commitment period - decision 1/CP.3, paragraph 5 (d);
(d) Scientific and methodological aspects of the proposal by Brazil;
(e) Other matters, including matters referred to the SBSTA by the SBI.

7. Development and transfer of technologies.

8. Mechanisms:

(a) Activities implemented jointly under the pilot phase;
(b) Joint implementation[2] - decision 1/CP.3, paragraph 5 (c);
(c) Clean development mechanism - decision 1/CP.3, paragraph 5 (e);
(d) Emissions trading - decision 1/CP.3, paragraph 5 (b).

9. Roster of experts.

10. Report on the session.

B. Election of officers other than the Chairman
(Agenda item 2 (b))

11. The SBSTA considered this sub-item at its 4th and 12th meetings, on 3 and 12 June, respectively.

12. At the 4th meeting, the Chairman informed the SBSTA that he was conducting consultations with the regional groups on this matter, in close cooperation with the Chairman of the SBI.

13. At the 12th meeting, the Chairman reported with regret that, despite his best efforts, it had not proved possible to reach consensus among the regional groups and elect the remaining officers of the SBSTA. He expressed the hope that the regional groups would consult among themselves prior to COP 4 so that the officers of the SBSTA could be elected expeditiously at that time.

C. Organization of the work of the session
(Agenda item 2 (c))

14. The SBSTA considered this sub-item at its 4th meeting, on 3 June. It had before it document FCCC/SB/1998/3.

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[2] This sub-item relates to Article 6 of the Kyoto Protocol and paragraph 5 (c) of decision 1/CP.3. The term "joint implementation" is used for convenience.

15. The Chairman drew the attention of the SBSTA to the tentative schedule of meetings contained in document FCCC/SB/1998/3, noting that the schedule was intended to be used as a guide, and might need to be modified to reflect the pace of progress.

16. The Chairman informed the SBSTA that applications for accreditation to the sessions of the subsidiary bodies had recently been received from nine non-governmental organizations. These applications had been screened by the secretariat on the basis of the provisions of Article 7.6 of the Convention and in accordance with the procedures established by the COP for the admission of organizations as observers. The SBSTA agreed to grant these organizations access to the current session of the SBSTA, pending formal action on their accreditation by the Conference of the Parties at its fourth session.

D. Allocation of work - issues arising from decision 1/CP.3, paragraph 6
E. Organization of the work of future sessions
(Agenda items 2 (d) and (e))

1. Proceedings

17. The SBSTA considered these sub-items in an integrated manner at its 4th and 14th meetings, on 3 and 12 June, respectively. It had before it document FCCC/SB/1998/1.

18. Statements were made by representatives of two Parties, including one speaking on behalf of the Group of 77 and China.

19. At its 4th meeting, on 3 June, the SBSTA agreed that this issue would be considered in an informal contact group, jointly established with the SBI. This informal contact group was chaired by Mr. José Romero (Switzerland).

2. Conclusions

20. At its 14th meeting, which was held jointly with the SBI, having considered a joint proposal by the Chairmen on the basis of inputs from the joint informal contact group, the SBSTA adopted the following conclusions:

(a) The SBSTA and the SBI decided to defer consideration of these items until their ninth sessions;

(b) The SBSTA and the SBI invited the Chairmen, if they considered it would be useful, to formulate points which might provide a basis for deliberations at their ninth sessions.

F. Attendance

21. The eighth session of the SBSTA was attended by representatives of 126 Parties and by observers from 6 States not parties to the Convention. It was also attended by representatives of 7 United Nations secretariat units and bodies, 5 specialized agencies and related organizations, 3 intergovernmental organizations and 109 non-governmental organizations.[3]

G. Documentation

22. The documents before the SBSTA at its eighth session are listed in annex I below.

III. COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS
(Agenda item 3)

1. Proceedings

23. The SBSTA considered this item at its 1st, 4th, 12th and 13th meetings on 2, 3 and 12 June, respectively. It had before it documents FCCC/SBSTA/1998/2 and FCCC/SBSTA/1998/MISC.1.

24. At the 1st meeting, on 2 June, statements were made by the Chairman of the Intergovernmental Panel on Climate Change (IPCC), the Director of the Global Climate Observing System of the World Meteorological Organization (WMO) and the Executive Director of the International Geosphere-Biosphere Programme (IGBP), all of whom also responded to questions.

25. At the 2nd meeting, which was held jointly with the SBI on 2 June, statements relevant to this item were made by Mr. Klaus Töpfer, Executive Director, UNEP and the Executive Secretary (for summaries of these statements, see paragraphs 6 and 7 above).

26. Statements were made by representatives of 19 Parties, including one speaking on behalf of the European Community and its member States and another speaking on behalf of the Group of 77 and China. The representative of a non-governmental organization also made a statement.

2. Conclusions

27. At its 13th meeting, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA noted with appreciation the information provided by the secretariat on its cooperation with international organizations. It agreed to invite more international

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[3] For the full list of participants, see document FCCC/1998/INF.1.

organizations, including the International Civil Aviation Organization and the International Maritime Organization to make progress on their work relevant to the Convention and to provide reports to the SBSTA;

(b) The SBSTA took note of the activities of the IPCC relating to the Convention. In particular, it noted with appreciation the work initiated in the preparation of special reports on emission scenarios, methodological and technical issues in technology transfer and aviation and the global atmosphere, as well as the preparation of the Third Assessment Report. The SBSTA invited the IPCC to take into account the comments made by Parties on the structure and contents of the Third Assessment Report, as contained in documents FCCC/SBSTA/1997/MISC.4 and FCCC/SBSTA/1998/MISC.1, when considering the scope of this report;

(c) The SBSTA noted with appreciation the information provided by the representative of the WMO (see paragraph 24 above), on behalf of the organizations participating in the Climate Agenda, related to the preparation of the comprehensive report on the development of the observational networks of the climate system, as requested by decision 8/CP.3. The SBSTA recognized the deteriorating situation of the observational networks of the climate system and urged Parties to give high priority to reversing this decline and to introducing improvements. It invited the organizations participating in the Climate Agenda to complete the comprehensive report and to make it available for consideration by the SBSTA at its ninth session;

(d) The SBSTA took note of the report presented by the Executive Director of the International Geosphere-Biosphere Programme (see paragraph 24 above). It expressed appreciation for the information and suggested that the IGBP should continue to make available relevant information for its use in the future;

(e) The SBSTA noted the statement made by the Executive Director of UNEP at its 2nd meeting, held jointly with the SBI on 2 June (see paragraph 6 above), on the role of UNEP as set out in the Programme for the Further Implementation of Agenda 21 of the nineteenth special session of the United Nations General Assembly, including paragraphs 119 and 123 (General Assembly S-19/2). The SBSTA observed that this role is to be carried out in a manner consistent with the provisions of the respective conventions and the decisions of their conferences of the parties and in full cooperation with the conferences of the parties;

(f) The SBSTA further noted the statements made by the Executive Director of UNEP and the Executive Secretary at that same joint meeting (see paragraphs 6 and 7 above) with regard to possible inputs by UNEP to the work of the Convention bodies on the implementation of the Convention and on preparations for the entry into force of the Kyoto Protocol. It recalled that decisions on such inputs are the prerogative of the Conference of the parties and its subsidiary bodies in accordance with the Convention and the decisions of the COP. The SBSTA would welcome such inputs in response to specific requests from the COP

and its subsidiary bodies for scientific and technical advice. The SBSTA invited the Executive Director of UNEP to consult the Chairman of the IPCC and the Executive Secretary in responding to any such requests;

(g) The SBSTA noted that the programme of work of the IPCC would provide the Convention process with scientific, technical and economic advice and other material on a number of matters directly relevant to the Convention and the Kyoto Protocol (including the use of economic instruments), as well as on matters that cut across these climate change instruments and other legal instruments such as the Vienna Convention for the Protection of the Ozone Layer and its Montreal Protocol on Substances that Deplete the Ozone Layer, the Convention on Biological Diversity and the Convention to Combat Desertification. Such information from the IPCC would be contained in its Third Assessment Report, and other reports, including reports requested by the SBSTA. The SBSTA considered that such reports would be useful for the foreseeable scientific and technical needs of the Convention and the Kyoto Protocol in these areas;

(h) The SBSTA welcomed the readiness of UNEP to strengthen its efforts to raise awareness about climate change, the Convention and the Kyoto Protocol, in response to Article 6 of the Convention. It noted that this work would be carried out in close collaboration with the secretariat and other United Nations bodies, and would draw upon IPCC outputs. It requested the Executive Secretary to keep it informed of progress achieved. The SBSTA decided to review its cooperation with UNEP at its tenth session;

(i) The SBSTA encouraged the secretariat to continue, maintain and strengthen its coordination and collaboration with relevant international organizations.

IV. NATIONAL COMMUNICATIONS
(Agenda item 4)

A. Communications from Parties included in Annex I to the Convention
(Agenda item 4 (a))

1. Proceedings

28. The SBSTA considered this sub-item at its 4th and 10th meetings on 3 and 11 June, respectively. It had before it document FCCC/SBSTA/1998/3.

29. Statements were made by representatives of six Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

30. At its 10th meeting, on 11 June, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA requested the secretariat to send a questionnaire to Parties on clarifications, additions and/or amendments to the revised guidelines for the preparation of national communications from Parties included in Annex I to the Convention (UNFCCC Guidelines) by 31 August 1998. The SBSTA also decided that the preparatory work needed to enable the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) to adopt, at its first session, guidelines for the preparation of the information required under Article 7 of the Protocol would be integrated, to the extent practicable, with its existing work under the Convention on national communications from Annex I Parties;

(b) The SBSTA requested Parties to provide submissions to the secretariat answering the above-mentioned questionnaire by 1 February 1999 for compilation into a miscellaneous document;

(c) The SBSTA requested the secretariat to organize a workshop with the participation of representatives from Parties to assess the responses to the questionnaire. The SBSTA further requested the secretariat to prepare a paper on the results of this workshop for consideration at its tenth session, with the aim of proposing any necessary clarifications, additions and/or amendments to the UNFCCC Guidelines, at the fifth session of the Conference of the Parties.

B. Communications from Parties not included in Annex I to the Convention: methodological aspects of consideration process

(Agenda item 4 (b))

31. The SBSTA considered this sub-item at its 4th meeting, on 3 June. Statements were made by representatives of three Parties.

32. The SBSTA noted that, as indicated in the annotations to the provisional agenda (FCCC/SBSTA/1998/1, paras. 23-25), in view of the agreed division of labour, this item would be discussed by the SBI. Since there were no methodological issues under this sub-item that needed to be addressed at the current session, there was, therefore, no need for an input from the SBSTA.

33. The SBSTA further noted, however, that it would examine any methodological issues arising from the consideration of this item by the SBI at a future session.

V. ARTICLE 6 OF THE CONVENTION: EDUCATION, TRAINING AND PUBLIC AWARENESS

(Agenda item 5)

1. Proceedings

34. The SBSTA considered this item at its 7th, 9th and 12th meetings, on 5, 10 and 12 June, respectively.

35. Statements were made by representatives of 16 Parties, including one speaking on behalf of the African Group, another speaking on behalf of the European Community and its member States and another speaking on behalf of the Group of 77 and China.

36. An informal workshop on this item, organized by the secretariat in collaboration with UNEP, was held on 9 June. The informal workshop was chaired by the Chairman of the SBSTA, who made an oral report on its conclusions to the SBSTA at its 9th meeting, on 10 June. Also at the 9th meeting, a statement was made by the representative of UNEP.

2. Conclusions

37. At its 12th meeting, on 12 June, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA welcomed the placement of Article 6 on the agenda of the SBSTA for the first time. The SBSTA noted that education, training and public awareness were priorities for many Parties and that international cooperation could play an important role in these areas. It further considered that national efforts to achieve the aims of Article 6 should be supported;

(b) The SBSTA took note of the results of a workshop on this issue held on 9 June that had been jointly organized by the secretariat and UNEP and chaired by the Chairman of the SBSTA. In particular, the SBSTA noted the efforts to assess public awareness needs in developing countries, as presented at the workshop. The SBSTA expressed satisfaction with this initiative and called for similar events in the future;

(c) The SBSTA also took note with interest of the statement by the representative of UNEP who outlined the activities of that organization in raising awareness of climate change issues, many of which are conducted in cooperation with the secretariat. The SBSTA indicated its interest in activities by United Nations organizations and bodies, especially UNEP, for supporting international cooperation and national outreach activities, and requested further information to be provided at its next session. The SBSTA also noted and welcomed the information outreach activities of the secretariat, and encouraged it to continue with this work;

(d) The SBSTA noted that the following measures cited by Parties could be considered as possible means of promoting common efforts towards the implementation of Article 6:

(i) Increasing the availability of public information and education materials, including the reports of the IPCC, in all the official languages of the United Nations, as well as in other languages;

(ii) Promoting the exchange of copyright-free materials, the facilitation of training and the sharing of experience, for example, through a resource centre;

(iii) Establishing training activities in developing countries through CC:TRAIN and other appropriate programmes;

(iv) Facilitating the exchange or secondment of personnel to train experts in the field of climate change;

(v) Assisting developing countries in procuring financial resources for their implementation of Article 6; and

(vi) Ensuring the availability of information about all aspects of the Convention and the Kyoto Protocol, including information on the mechanisms defined in the Kyoto Protocol and other provisions for achieving its objective, using CC:INFO and other appropriate mechanisms;

(e) The SBSTA noted that funding was essential to the implementation of Article 6 and invited the SBI to consider this matter when developing further guidance to the financial mechanism of the Convention;

(f) The SBSTA urged Parties to implement Article 6 at the national level and to pursue international cooperation to strengthen public awareness, education, and outreach programmes. It called for Parties to present fully their activities on Article 6 when submitting their national communications;

(g) The SBSTA invited Parties to submit to the secretariat, by 14 December 1998, their views on possible means of promoting the implementation of Article 6, for compilation into a miscellaneous document. The SBSTA invited the secretariat to put forward proposals on how to integrate Article 6 into the work programme of the SBSTA, taking into account the above submissions from Parties, for consideration at its tenth session. In this context, the SBSTA also requested the secretariat to explore the development of more rigorous reporting guidelines on Article 6 for national communications, and to present these to the SBSTA for its consideration;

(h) The SBSTA finally requested the secretariat to explore the possibility of establishing a United Nations "Climate Change Day" to promote awareness of climate change issues at the national and international levels.

VI. METHODOLOGICAL ISSUES
(Agenda item 6)

A. Emissions inventories
(Agenda item 6 (a))

1. Proceedings

38. The SBSTA considered this sub-item at its 5th and 10th meetings, on 4 and 11 June, respectively. It had before it documents FCCC/SBSTA/1998/4 and FCCC/SBSTA/1998/MISC.2.

39. Statements were made by representatives of seven Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

40. At its 10th meeting, on 11 June, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA took note of document FCCC/SBSTA/1998/4, and endorsed the activities related to greenhouse gas (GHG) inventories set out in that document;

(b) The SBSTA urged Parties to participate actively in the ongoing activities of the current programme of work on methodologies related to GHG inventories, bearing in mind their relationship with possible additions and/or amendments to the revised guidelines for the preparation of national communications by Annex I Parties, discussed under agenda item 4 (a), and the longer-term methodological needs of the Kyoto Protocol, *inter alia*, the development of guidelines for national systems and adjustments under Article 5 of that Protocol;

(c) The SBSTA recalled the relevant conclusions of its seventh session, and requested Annex I Parties which had not already done so to make available to the secretariat, by 15 August 1998, for purposes of comparison and transparency, their complete 1996 GHG inventories obtained using, when possible, best available methodologies and those obtained using the current default methodologies of the IPCC Guidelines. It also requested Parties which had not already done so to submit to the secretariat, by 15 August 1998, their views on possible approaches to resolving the methodological issues related to GHG inventories such as those identified in the annex on methodological issues contained in document FCCC/SBI/1997/19, for compilation into a miscellaneous document;

(d) The SBSTA requested the secretariat to organize a workshop with the participation of methodological experts from the roster, as well as from other relevant organizations, to develop proposals to resolve the methodological issues identified by Parties and by the secretariat while processing GHG inventories included in second national communications. The conclusions of such a workshop, and of any workshop organized by the secretariat related to possible additions and/or amendments to the revised guidelines for the preparation of national communications by Annex I Parties (decision 9/CP.2), as discussed under agenda item 4 (a), should be available for the tenth session of the SBSTA;

(e) The SBSTA noted that the Kyoto Protocol includes provisions related to GHG inventory methods. The SBSTA recognized that methodological issues arising from the Protocol including, for example, guidance for estimating and reporting HFCs, perfluorocarbons and sulphur hexafluoride, need to be evaluated. The SBSTA encouraged the IPCC-OECD-IEA Inventories Programme to give high priority to completing its work on uncertainty, as well as to prepare a report on good practices in inventory management and to submit a report on these issues for consideration by the SBSTA, if possible by COP 5. The SBSTA encouraged the secretariat to continue its close collaboration with other relevant bodies, such as the Technology and Economic Assessment Panel of the Montreal Protocol, on technical and methodological issues.

B. Land-use change and forestry - decision 1/CP.3, paragraph 5 (a)

(Agenda item 6 (b))

1. Proceedings

41. The SBSTA considered this sub-item at its 5th and 12th meetings, on 4 and 12 June, respectively. It had before it documents FCCC/SBSTA/1998/INF.1 and FCCC/SB/1998/MISC.1.

42. Statements were made by representatives of 17 Parties, including one speaking on behalf of the African Group, another speaking on behalf of the Alliance of Small Island States and another speaking of behalf of the European Community and its member States. The representative of a non-governmental organization also made a statement.

43. At the 5th meeting on 4 June, a statement was made by the representative of the Food and Agriculture Organization (FAO).

44. Also at its 5th meeting, the SBSTA agreed to consider this sub-item by way of an informal contact group, to be chaired by Mr. Paul Maclons (South Africa) and Mr. Maciej Sadowski (Poland).

2. Conclusions

45. At its 12th meeting, having considered a proposal by the Chairman on the basis of inputs from the informal contact group, the SBSTA adopted the following conclusions:

(a) The SBSTA took note with appreciation of document FCCC/SBSTA/1998/INF.1 prepared by the secretariat;

(b) The SBSTA understands the meaning of Article 3.3 of the Kyoto Protocol to be as follows: The adjustment to a Party's assigned amount shall be equal to verifiable changes in carbon stocks during the period 2008 to 2012 resulting from direct human-induced activities of afforestation, reforestation and deforestation since 1 January 1990. Where the result of this calculation is a net sink, this value shall be added to the Party's assigned amount. Where the result of this calculation is a net emission, this value shall be subtracted from the Party's assigned amount;

(c) The SBSTA invited Parties to submit information related to:

(i) The implementation of Article 3.3, particularly on data and methods, and questions and issues identified in FCCC/SBSTA/1998/INF.1, by 15 August 1998 for compilation into a miscellaneous document by approximately 30 August 1998; and

(ii) Modalities, rules and guidelines as to how and which additional human-induced activities might be included under Article 3.4, including questions and issues identified in FCCC/SBSTA/1998/INF.1, by 1 October 1998 for compilation into a miscellaneous document by approximately 15 October 1998;

(d) The SBSTA requested the secretariat to organize a workshop prior to COP 4 with participation by experts including those engaged in the IPCC process, possibly coincident with an IPCC expert meeting. The purpose of the workshop would be to consider data availability based on definitions used by Parties and international organizations, including their implications, in relation to Article 3.3 and to consider any further inputs to the IPCC, including to the report referred to in subparagraph (e) below. It also agreed to plan a second workshop after COP 4 to focus on issues arising from Article 3.4 and document FCCC/SBSTA/1998/INF.1, the comments submitted by Parties and issues arising from the first workshop. It requested the secretariat to report on the initial workshop at the ninth session of the SBSTA;

(e) The SBSTA requested the IPCC to prepare and provide information to the SBSTA and the COP, in particular a special report as defined by IPCC procedures, on land-use, land-use change and forestry, in order to enable the COP to take decisions on recommendations on these issues to the COP/MOP at its first session. The special report should address the

methodological, scientific and technical implications of the relevant articles of the Protocol, particularly Article 3. The special report should consider the anthropogenic implications of full carbon stock accounting, set the overall scientific context for consideration of land-use, land-use change and forestry activities, and consider the initial list of scientific and technical questions contained in FCCC/SBSTA/1998/INF.1 as well as comments to be provided by the Parties to the secretariat by 15 August 1998;

(f) The SBSTA requested the IPCC to examine, to the extent possible, the scientific and technical implications of carbon sequestration strategies related to land-use, land-use change and forestry activities for water, soils, biodiversity, and other environmental and socio-economic effects, to be included in the special report as appropriate. Other issues not covered in the special report could be included in the Third Assessment Report and in any other relevant IPCC products;

(g) The SBSTA requested the secretariat to liaise with the secretariat of the Convention on Biological Diversity, the secretariat of the Convention to Combat Desertification, the Intergovernmental Forum on Forests, the FAO and other international bodies and organizations to ensure that relevant information is available to the Parties.

C. Impact of single projects on emissions in the commitment period - decision 1/CP.3, paragraph 5 (d)

(Agenda item 6 (c))

1. Proceedings

46. The SBSTA considered this sub-item at its 5th and 11th meetings, on 4 and 11 June, respectively. It had before it documents FCCC/SB/1998/MISC.1 and Add.2 and Add.4.

47. Statements were made by representatives of seven Parties, including one speaking on behalf of the Alliance of Small Island States and another speaking on behalf of the European Community and its member States.

2. Conclusions

48. At its 11th meeting, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA took note with appreciation of the information provided by a Party on this issue, contained in documents FCCC/SB/1998/MISC.1 and Add.2 and Add.4;

(b) The SBSTA invited Parties to consider the above-mentioned information during the inter-sessional period, including the most recent information contained in document FCCC/SB/1998/MISC.1/Add.4, in preparation for further consideration at its ninth session.

D. Scientific and methodological aspects of the proposal by Brazil
(Agenda item 6 (d))

1. Proceedings

49. The SBSTA considered this sub-item at its 7th and 11th meetings, on 5 and 11 June, respectively. It had before it document FCCC/AGBM/1997/MISC.1/Add.3.

50. Statements were made by representatives of six Parties, including one speaking on behalf of the European Community and its member States. A statement was also made by the representative of a non-governmental organization.

2. Conclusions

51. At its 11th meeting, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA recalled that the Conference of the Parties, at its third session, decided that the proposal presented by Brazil in document FCCC/AGBM/1997/MISC.1/Add.3 should be referred to the SBSTA for advice regarding its methodological and scientific aspects (see FCCC/CP/1997/7/Add.1, section III.3);

(b) The SBSTA noted that the portion of that proposal referring to a clean development fund had now been overtaken by decisions taken at COP 3, in particular, the provision for a clean development mechanism as defined in Article 12 of the Kyoto Protocol, that Protocol's Annex B and decision 1/CP.3 on the adoption of the Kyoto Protocol;

(c) The SBSTA recognized that there were a number of methodological and scientific issues raised by the remainder of the proposal and that these were still being investigated by scientists in several countries. The SBSTA welcomed the offer by the delegation of Brazil to host a workshop to further the understanding of the methodological and scientific aspects of the remainder of the proposal and invited that delegation to report back to the SBSTA, at its ninth session, on the workshop.

E. Other matters, including matters referred to the SBSTA by the SBI
(Agenda item 6 (e))

52. The SBSTA considered this sub-item at its 7th and 11th meetings, on 5 and 11 June, respectively.

53. At the 7th meeting on 5 June, a statement was made by the representative of a Party. That Party noted that the consideration of aerosols and GHG precursors should be addressed by the

SBSTA at a future session, taking into account that this issue will be taken up by the IPCC in its Third Assessment Report.

VII. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES
(Agenda item 7)

1. Proceedings

54. The SBSTA considered this item at its 6th, 12th and 13th meetings, on 4 and 12 June, respectively. It had before it the following documents: FCCC/SBSTA/1998/5, FCCC/SBSTA/1998/INF.2, FCCC/SBSTA/1998/INF.5, FCCC/SBSTA/1998/MISC.4 and FCCC/SBSTA/1998/MISC.5. The Chairman recalled that, for technical reasons, document FCCC/TP/1998/1 would not be available at the current session. Instead, the document would be presented to the SBSTA at its ninth session.

55. Statements were made by representatives of 18 Parties, including one speaking on behalf of the African Group, another speaking on behalf of the European Community and its member States and another speaking on behalf of the Group of 77 and China.

56. At the 6th meeting on 4 June, a statement was made by the Vice-Chairman of the International Energy Agency (IEA) Energy and Environmental Technologies Information Centres (EETIC). The SBSTA welcomed the information contained in this statement that the IEA/OECD GREENTIE would accept information from all Parties in its database of companies and products to mitigate GHG emissions, and, in particular, the invitation to participants from developing countries to attend its annual meetings, and the investigation of channels of support for participation by developing countries and countries with economies in transition. The SBSTA also encouraged other organizations involved in similar activities from other sectors to provide information on those activities.

57. Also at the 6th meeting on 4 June, the SBSTA agreed that this issue would be considered in an informal contact group. This informal contact group was chaired by Ms. Renate Christ (European Community) and Ms. Wanna Tanunchaiwatana (Thailand).

2. Conclusions

58. At its 13th meeting, having considered a proposal by the Chairman on the basis of inputs from the informal contact group, the SBSTA adopted the following conclusions:

(a) The SBSTA noted with appreciation the progress report on development and transfer of technologies prepared by the secretariat (FCCC/SBSTA/1998/5), the report on the options for technology information centres and networks (FCCC/SBSTA/1998/INF.2), the report on technology and technology information needs arising from the survey of developing country Parties (FCCC/SBSTA/1998/INF.5), and the final report of the survey of technology and

technology information needs prepared by the University of Amsterdam (IVAM Environmental Research) and distributed during the session;[4]

(b) The SBSTA noted the results of the expanded technology and technology needs survey, and in particular:

(i) Agreed that the identification of technology and technology information needs at the country level is an important step in relation to the improvement and/or development of modalities for the diffusion and transfer of and access to those technologies, particularly for developing countries;

(ii) Noted that the national communications of non-Annex I Parties are an important means of identifying technology and technology information needs to facilitate adequate adaptation to climate change, in accordance with paragraph 21 of the annex to decision 10/CP.2, and to facilitate the implementation of their obligations under the Convention, in accordance with paragraph 20 of that same annex, and may include other relevant information, in accordance with decision 10/CP.2; and urged non-Annex I Parties to identify their financial and technological needs in accordance with paragraph 20 of the annex to that decision (FCCC/CP/1996/15/Add.1);

(iii) Requested the SBI in considering additional guidance to the Global Environment Facility (GEF), to take note that priority should be given to the need to build capacity in developing countries to identify and analyse technology and technology information needs; and

(iv) Urged Annex II Parties to continue to provide support to non-Annex I Parties to identify and assess their technology and technology information needs;

(c) The SBSTA requested the secretariat to prepare an initial draft of a work programme on the development and transfer of technology for its ninth session, and in so doing, to consult with other relevant international organizations and bodies. It also requested the Chairman of the SBSTA to convene informal open-ended consultations on these questions at its ninth session;

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[4] R. van Berkel and E. Arkesteijn, *Transfer of Environmentally Sound Technologies and Practices Under the Climate Convention: Survey of Experiences, Needs and Opportunities Among Non-Annex II countries* , IVAM Environmental Research, University of Amsterdam, 1998.

(d) The SBSTA took up the question of technology information centres and enhancing support for national or regional centres but was not able to reach a consensus. Views put forward by several Parties during the discussions were made available in document FCCC/SBSTA/1998/MISC.5. The SBSTA decided to continue the discussion of this matter at its ninth session with the intention of forwarding its conclusions for consideration by the Conference of the Parties at its fourth session;

(e) Having considered the positive experience drawn from the technology round table held during COP 3, involving the participation of Parties as well as the business community, international organizations and relevant non-governmental organizations, the SBSTA requested the secretariat to organize another such event in conjunction with COP 4 focussing on the analysis of barriers to the development and transfer of technology (in both Annex I and non-Annex I Parties) and on the identification and elimination of these barriers in order to facilitate the development and transfer of technology;

(f) The SBSTA requested the SBI to take note that the Conference of the Parties, at its fourth session, should review the implementation of Article 4.5 and 4.1(c) of the Convention as a separate agenda item, in accordance with decision 13/CP.1 (FCCC/CP/1995/7/Add.1);

(g) The SBSTA noted the secretariat activities on terms of transfer of technology and know-how and urged the secretariat to complete the technical paper on barriers and opportunities related to the transfer of technology to developing countries for the ninth session;

(h) The SBSTA took note of the secretariat's preliminary analysis of adaptation technologies and encouraged the secretariat to continue its work on different adaptation topics;

(i) The SBSTA took note of the submission by the Group of 77 and China of draft decisions regarding technology development and transfer, and capacity building, circulated as document FCCC/SBSTA/1998/CRP.1;

(j) The SBSTA invited Parties to provide, by 15 August 1998, for compilation into a miscellaneous document, their views regarding:

(i) Technology development and transfer, and capacity building; and

(ii) The tasks described in document FCCC/SB/1997/1, and any additional tasks, as well as the strategic focus of the secretariat's work programme on the development and transfer of technologies (see subparagraph (d) above).

VIII. MECHANISMS
(Agenda item 8)

A. Activities implemented jointly under the pilot phase
B. Joint implementation - decision 1/CP.3, paragraph 5 (c)
C. Clean development mechanism - decision 1/CP.3, paragraph 5 (e)
D. Emissions trading - decision 1/CP.3, paragraph 5 (b)

1. Proceedings

59. This item, including its four sub-items, was considered by the SBSTA at its 2nd, 3rd, 8th and 14th meetings, which were held jointly with the SBI, on 2, 3. 8 and 12 June, respectively. The subsidiary bodies had before them the following documents: FCCC/SB/1998/2; FCCC/SBSTA/1998/ INF.3; FCCC/SB/1998/MISC.1 and Add.1 and Add.1/Rev.1; Add.3 and Add.3/Rev.1; and Add.5 and Add.6; and FCCC/SB/1998/MISC.2 and Add.1.

60. Statements were made by representatives of 39 Parties, including one speaking on behalf of the African Group, another speaking on behalf of the Alliance of Small Island States, another speaking on behalf of the European Community and its member States and another speaking on behalf of the Group of 77 and China.

61. At the 2nd meeting, which was held jointly with the SBI on 2 June, statements were made by Her Excellency María Julia Alsogaray, Secretary of Natural Resources and Sustainable Development, Argentina, Mr. Klaus Töpfer, Executive Director, UNEP and the Executive Secretary (for summaries of these statements, see paragraphs 5-7 above).

62. At their 3rd meetings, on 3 June, the SBSTA and the SBI established a joint informal contact group to consider this issue, co-chaired by Mr. Yvo de Boer (Netherlands) and Mr. Luiz Gylvan Meira Filho (Brazil).

2. Conclusions

63. At its 14th meeting, which was held jointly with the SBI, the SBSTA, having considered a joint proposal by the Chairmen on the basis of inputs from the joint contact group, adopted the following conclusions:

(a) The SBSTA and the SBI recalled decision 1/CP.3, in particular paragraph 5(b), (c) and (e) on guidance to the secretariat on preparatory work needed for consideration by the Conference of the Parties at its fourth session;

(b) The SBSTA and the SBI further recalled paragraph 6 of decision 1/CP.3 concerning the allocation of preparatory work for COP/MOP 1;

(c) The SBSTA and the SBI took note of documents FCCC/SB/1998/2; FCCC/SB/1998/MISC.1 and Add.1 and Add.1 Rev.1; Add.3 and Add.3/Rev.1; Add.5 and Add.6; and FCCC/SB/1998/MISC.2 and Add.1;

(d) The SBSTA and the SBI further took note of the Suggested Elements for a Work Programme on Mechanisms of the Kyoto Protocol (see annex II below);

(e) The SBSTA and the SBI invited Parties to submit views on the mechanisms referred to in decision 1/CP.3, paragraph 5(b), (c) and (e).[5]

IX. ROSTER OF EXPERTS

(Agenda item 9)

1. Proceedings

64. The SBSTA considered this item at its 7th and 10th meetings, on 5 and 11 June, respectively. It had before it document FCCC/SBSTA/1998/INF.4.

65. Statements were made by representatives of 12 Parties, including one speaking on behalf of the European Community and its member States.

2. Conclusions

66. At its 10th meeting, having considered a proposal by the Chairman, the SBSTA adopted the following conclusions:

(a) The SBSTA took note of document FCCC/SBSTA/1998/INF.4, including the standardized form for collecting information on nominees to the roster of experts. It noted that the roster should be continually updated based on Parties' nominations and as new needs arose. In addition, the roster should be reviewed at regular intervals, at least every five years. It noted with appreciation that the secretariat planned to publish the roster electronically on its Web site, and in hard copy format, and requested that provision should be made to also accept nominations and related data electronically;

(b) The SBSTA requested Parties that had not already done so to nominate methodological experts to the roster by 1 July 1998, so that those experts might address the important tasks of the programme of work on methodologies, as necessary, prior to COP 4. Nominations after this date would also be welcomed.

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[5] Submissions received by 10 September 1998 will be compiled into a miscellaneous document before COP 4. Submissions received after this date will be issued in an addendum but will not be available until after the start of COP 4.

X. REPORT ON THE SESSION
(Agenda item 10)

67. At its 13th meeting, on 12 June, the SBSTA considered the draft report on its eighth session (FCCC/SBSTA/1998/L.1).

68. At the same meeting, the SBSTA authorized the Chairman, with the assistance of the secretariat, to complete the report on the session.

XI. CLOSURE OF THE SESSION

69. At its 14th meeting, which was held jointly with the SBI on 12 June, closing statements were made by four Parties, including one speaking on behalf of the Group of 77 and China.

70. After thanking all participants for their constructive cooperation, the Chairman declared the session closed.

Annex I

List of documents before the Subsidiary Body for Scientific and Technological Advice at its eighth session

Documents prepared for the session

FCCC/SBSTA/1998/1 and Corr.1	Provisional agenda and annotations and corrigendum. Note by the Executive Secretary
FCCC/SBSTA/1998/2	Cooperation with relevant international organizations. Progress report
FCCC/SBSTA/1998/3	Issues related to guidelines for the preparation of national communications from Annex I Parties
FCCC/SBSTA/1998/4	Programme of work on methodologies. Progress report
FCCC/SBSTA/1998/5	Development and transfer of technologies. Progress report
FCCC/SBSTA/1998/INF.1	Issues related to land-use change and forestry
FCCC/SBSTA/1998/INF.2	Options for technology information centres and networks
FCCC/SBSTA/1998/INF.3	Up-date on activities implemented jointly under the pilot phase
FCCC/SBSTA/1998/INF.4	Roster of experts: Nomination form
FCCC/SBSTA/1998/INF.5	Technology and technology information needs arising from the survey of developing country Parties
FCCC/SBSTA/1998/MISC.1	Structure and contents of the Third Assessment Report by the IPCC. Additional comments by Parties
FCCC/SBSTA/1998/MISC.2	Approaches to resolving methodological issues related to national communications from Annex I Parties. Comments from Parties

FCCC/SBSTA/1998/MISC.3	Information submitted by Parties on reporting of information on finance and transfer of technology. Submissions by Parties
FCCC/SBSTA/1998/MISC.4	International technology information centres: Possible functions and institutional and financial arrangements. Comments from Parties
FCCC/SBSTA/1998/MISC.5	Development and transfer of technologies Submissions from Parties
FCCC/SBSTA/1998/L.1	Draft report of the Subsidiary Body for Scientific and Technological Advice on its eighth session
FCCC/SBSTA/1998/L.2	Communications from Parties included in Annex I to the Convention
FCCC/SBSTA/1998/L.3	Emissions inventories
FCCC/SBSTA/1998/L.4	Roster of experts
FCCC/SBSTA/1998/L.5	Impact of single projects on emissions in the commitment period - decision 1/CP.3, paragraph 5 (d)
FCCC/SBSTA/1998/L.6	Scientific and methodological aspects of the proposal by Brazil
FCCC/SBSTA/1998/CRP.1	Development and transfer of technologies: Draft decisions proposed for COP 4 by the Group of 77 and China
FCCC/SBSTA/1998/CRP.2	Article 6 of the Convention: Education, training and public awareness
FCCC/SBSTA/1998/CRP.3	Land-use change and forestry - decision 1/CP.3, paragraph 5 (a)
FCCC/SBSTA/1998/CRP.4	Cooperation with relevant international organizations
FCCC/SBSTA/1998/CRP.5	Development and transfer of technologies

FCCC/SB/1998/1	Allocation of preparatory work to the subsidiary bodies for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
FCCC/SB/1998/2	Issues related to cooperative implementation
FCCC/SB/1998/3	Organization and proposed schedules of work of the sessions: Additional information
FCCC/SB/1998/MISC.1 and Add.1 and Add.1/Rev.1; Add.2; Add. 3 and Add.3/Rev.1; and Add.4, 5 and 6	Preparatory work needed for COP 4 on the items listed in decision 1/CP.3, paragraph 5. Submissions by Parties
FCCC/SB/1998/MISC.2 and Add.1	Responses to questionnaire relating to cooperative implementation mechanisms. Submissions by intergovernmental and non-governmental bodies
FCCC/SB/1998/CRP.1	Allocation of work - issues arising from decision 1/CP.3, paragraph 6
FCCC/SB/1998/CRP.2	Mechanisms

Other documents for the session

FCCC/CP/1997/7	Report of the Conference of the Parties on its third session, held at Kyoto from 1 to 11 December 1997. Part One: Proceedings
FCCC/CP/1997/7/Add.1	Report of the Conference of the Parties on its third session, held at Kyoto from 1 to 11 December 1997. Part Two: Action taken by the Conference of the Parties at its third session
FCCC/CP/1997/INF.1	Administrative and financial matters: Programme budget of the Convention for the biennium 1998-1999: Detailed subprogramme activities and resource requirements
FCCC/SBSTA/1997/4	Report of the Subsidiary Body for Scientific and Technological Advice on the work of its fifth session, Bonn, 25 - 28 February 1997

FCCC/SBSTA/1997/6	Report of the Subsidiary Body for Scientific and Technological Advice on the work of its sixth session, Bonn, 28 July - 5 August 1997
FCCC/SBSTA/1997/13	Second communications from Parties included in Annex I to the Convention: Activities of Parties included in Annex II related to the transfer of technology
FCCC/SBSTA/1997/14	Report of the Subsidiary Body for Scientific and Technological Advice on the work of its seventh session, Bonn, 20 - 28 October 1997
FCCC/SBI/1997/19	National communications: Communications from Parties included in Annex I to the Convention: First compilation and synthesis of second national communications from Annex I Parties
FCCC/AGBM/1997/MISC.1/Add.3	Implementation of the Berlin Mandate: proposals from Parties

Documents available for reference only

FCCC/CP/1996/15/Add.1	Report of the Conference of the Parties on its second session, held at Geneva from 8 to 19 July 1996. Part Two: Action taken by the Conference of the Parties at its second session
FCCC/CP/1995/7/Add.1	Report of the Conference of the Parties on its first session, held at Berlin from 28 March to 7 April 1995. Part Two: Action taken by the Conference of the Parties at its first session
FCCC/SBI/1997/19/Add.1	National communications: Communications from Parties included in Annex I to the Convention: First compilation and synthesis of second national communications from Annex I Parties. Addendum: Tables of inventories of anthropogenic emissions and removals for 1990-1995 and projections up to the year 2020

FCCC/SBI/1997/INF.4

National communications: Communications from Parties included in Annex I to the Convention. Updated information on greenhouse gas emissions and projections

Annex II

Suggested Elements for a Work Programme on Mechanisms of the Kyoto Protocol

This list is compiled on the basis of the Proposed Work Programme on Mechanisms of the Kyoto Protocol submitted by the Group of 77 and China, suggestions by other Parties during the contact group meetings and further proposals submitted by Canada and others* and the United Kingdom of Great Britain and Northern Ireland (on behalf of the European Community and its member States) on Friday 12 June. This list is not negotiated.

Article 12 - Clean development mechanism

Methodological/Technical Work

1. Purpose of clean development mechanism (CDM) projects
2. Supplementarity to domestic action
3. Part of Annex I commitments
4. Additionality criteria in funding
5. Criteria for real, measurable and long-term benefits related to climate change
6. Compatibility with sustainable development priorities/strategies
7. Criteria for project eligibility
8. Criteria for certification
9. Criteria for project baseline
10. Definition of the concept of certified emission reductions (CERs)
11. Acquisition and transfer of CERs
12. Systems for independent auditing and verification of project activities
13. Format for reporting
14. Identification/ determination of share of proceeds
15. Adaptation
16. Implication of Article 12.10 of the Kyoto Protocol
17. Outcome of methodological work on Article 3.3 and 3.4 of the Protocol

Suggestions forwarded during the contact group

18. Determination of "part of" and its relationship to supplementarity
19. Concept of voluntary participation
20. Categorization of projects
21. Approaches to project identification and development
22. Guidelines related to the inclusion of land-use change and forestry activities
23. Additionality criteria
24. Guidelines for certification

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* Canada and others includes Australia, Canada, Iceland, Japan, New Zealand, Norway, the Russian Federation, Ukraine, and the United States of America.

25. Analysis of implications of Article 12.10 of the Kyoto Protocol
26. Article 3.3 and 3.4 of the Protocol

Proposals submitted on Friday 12 June 1998

27. Supplementarity, by means of a concrete ceiling for the three mechanisms
28. To ensure that projects provide real measurable and long-term benefits
29. Additionality of emissions reductions (Article 12.5(c))
30. Determination of "part of" (Article 12.3(b))
31. Elaboration of modalities and procedures with the objective of ensuring transparency, efficiency and accountability through independent auditing and verification of project activities
32. Clarification of project types and categories
33. Defining "share" of proceeds, including
    - Share to cover administrative expenses
    - Modalities and level of share "to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation"
34. Interpretation of "to assist in arranging funding for certified project activities as necessary"
35. Implications of Article 12.10

36. Project eligibility
    - Additionality
    - Project baselines/benchmarks
    - Criteria for real, measurable, and long-term benefits
37. Certification
37. Auditing, verification and monitoring
38. Sinks
39. Reporting

Institutional Issues

1. Authority and guidance of the Conference of the Parties
2. Executive Board - constitution, composition, and functions
3. Accountability of the Executive Board to the COP/MOP
4. Functions/provision of guidance
5. Procedure
6. Identification and designation of operational entities
7. Monitoring and auditing of operational entities

Suggestions forwarded during contact group

8. Overall institutional framework
9. Technical and operational support for Executive Board
10. Monitoring and verification of project activities

11. Authority and guidance of the COP/MOP
12. Functions/provision of guidance/supervision
13. Rules of procedure

Proposals submitted on Friday 12 June 1998

14. Institutional issues (Executive Board, operational entities, etc).

15. Same as items 1-13

Participation in projects

1. Private and/or public entities
2. Responsibility of Parties
3. Guidance to be provided by the Executive Board

Proposals submitted on Friday 12 June 1998

4. Criteria for voluntary participation of Parties, public and/or private entities, etc.

5. Same as items 1-3

Process

1. Approval by both Parties
2. Procedure to attain certification of project activities
3. Certification of emission reductions
4. Acquisition and transfer of CERs
5. Assistance in arranging funding for projects assistance
6. Rules to guarantee transparency, non-discrimination and to prevent distortion of competition

Suggestions forwarded during contact group

7. CDM shall assist in arranging funding of certified project activities as necessary (Article 12.6)
8. Certification
9. Reporting, auditing and verification
10. Accessibility
11. Adaptation (project process)
12. Transparency, non-discrimination and prevention of distortion of competition
13. Approval by each Party involved
14. Assistance in arranging funding for adaptation projects

Proposals submitted on Friday 12 June 1998

15. Adoption of a framework for operation of the CDM

16. Voluntary participation
17. Acquisition and transfer of CERs
18. Assistance in arranging funding for projects
19. Adaptation

Linkage

1. With contribution to compliance with part of commitments under Article 3 of Annex I Parties
2. With contribution to meet the costs of adaptation
3. With Article 6 projects
4. CERs and emission reduction units (ERUs) accruing from projects
5. Work related to Article 18 of the Kyoto Protocol

Suggestions forwarded during contact group

6. With Article 17

Proposals submitted on Friday 12 June 1998

7. Supplementarity, by means of a concrete ceiling for the three mechanisms
8. Compliance (need to adopt and ratify Article 18)
9. Articles 3, 5, 6, 7, 8 and 17

10. Fungibility with AAUs and ERUs
11. AIJ

Article 6 projects

Methodological/Technical Work

1. Supplementarity to domestic action
2. Criteria for Article 6 projects
3. Criteria for project baselines
4. Acquisition and transfer of ERUs
5. Compliance with Articles 5 and 7 of the Kyoto Protocol
6. Verification
7. Reporting
8. Non-compliance
9. Outcome of methodological work on Article 3.3 and 3.4

Suggestions forwarded during contact group

10. Methodological work associated with Article 6.1(b)
11. Guidelines on review of implementation by expert review team (Article 8.4)

12. Guidelines on eligibility of projects initiated under AIJ for generation of ERU under Article 6
13. Additionality criteria
14. Certification and monitoring
15. Guidelines for projects and project baselines
16. Verification and monitoring particularly Article 6.4
17. Non-compliance (Article 18)

Proposals submitted on Friday 12 June 1998

18. Supplementarity, by means of a concrete ceiling for the three mechanisms
19. To ensure that projects provide real measurable and long-term benefits
20. Additionality of emissions reductions (determination of project baselines and actual emissions or removals, Article 6.1(b))
21. Common methodologies for certification, project monitoring and verification of actual reductions from sources and enhancement of removals by sinks

22. Project eligibility
    - Additionality
    - Project baselines
23. Verification and monitoring
24. Sinks
25. Reporting

Proposals submitted on Friday 12 June 1998
(Submissions proposing a new heading under Article 6)

Participation in projects

1. Approval of projects
2. To determine that Parties, and their authorised legal entities can account for, certify, document and verify emissions reductions and removals by sinks from JI projects

3. Responsibility of Parties
4. Private and/or public entities

Process

1. Approval by Parties of projects
2. Assessment of additionality
3. Compliance with Articles 5 and 7
4. Acquisition and transfer of ERUs

Suggestions forwarded during contact group

5. Private and/or public entities
6. Responsibility of Parties
7. Accessibility
8. Transparency, non-discrimination and prevention of distortion of competition

Proposals submitted on Friday 12 June 1998

9. Voluntary participation
10. Acquisition and transfer of ERUs

11. Compliance

Institutional

1. Role of COP/MOP, SBSTA and SBI
2. Work on non-compliance
3. Elaboration of guidelines as per Article 6.2
4. Involvement of legal entities operating under the responsibility of a Party
5. Definition of institutional authority

Suggestions forwarded during contact group

6. Involvement of legal entities operating under the responsibility of a Party as referred to in Article 6.3
7. Reporting
8. Non-compliance

Proposals submitted on Friday 12 June 1998

9. Determination of guidelines for accounting, certification, documentation and verification of JI projects
10. Procedures for recording and reporting transfers and acquisitions of ERUs
11. Role of COP/MOP

Linkage

1. With Article 5
2. With Article 7
3. With Article 8
4. With Article 18
5. With Article 12, in particular Article 12.8
6. With Article 17

Proposals submitted on Friday 12 June 1998

7. Supplementarity, by means of a concrete ceiling for the three mechanisms
8. Compliance (need to adopt and ratify Article 18)
9. Article 3.3 and 3.4, and Articles 5, 7, 8, 12, 17 and 18

10. Fungibility with AAUs and CERs
11. AIJ

Activities Implemented Jointly

AIJ cannot be part of this work programme. AIJ will be governed by COP decisions, namely, decisions 5/CP.1, 8/CP.2 and 10/CP.3. According to decision 5/CP.1, the COP shall take into consideration the need for a comprehensive review of the pilot phase in order to take a conclusive decision on the pilot phase and the progression beyond that, no later than the end of the present decade. The secretariat should prepare an update on information about the pilot phase of AIJ.

Article 17 - Emissions trading between Annex I Parties

Issues for Work Programme

1. Basis of rights and entitlements of Annex I Parties for trading emissions
2. Determination and creation of such rights and entitlements
3. Supplementarity to domestic action for the purpose of meeting quantified emission limitation and reduction commitments under Article 3
4. Conformity with the principle of equity in the Convention
5. Real and verifiable reduction of GHG emissions
6. Elements of principles, modalities, rules and guidelines for any trading in emissions
7. Elaboration of principles, modalities, rules and guidelines, including the funding of adaptation
8. Matters relating to verification, reporting and accountability
9. Whether any commonality with other mechanisms

Suggestions forwarded during contact group

10. Scope of participation of legal entities
11. Accessibility
12. Rights, entitlements and equity
13. Verification
14. Reporting
15. Accountability
16. Adaptation
17. Scope of participation in market mechanisms

18. Definition of relevant principles, modalities, rules and guidelines for verification, reporting and accountability

Proposals submitted on Friday, 12 June 1998

19. Risk of transferees on transfers the transferor was not entitled to make under the Protocol.
20. Refusals of Annex I Parties to participate in emissions trading under Article 17.

Proposals submitted on Friday, 12 June 1998
(*Submissions proposing headings under Article 17*)

Methodological/Technical Work

1. Determination of principles, rules, modalities and guidelines:
   - In particular for verification, reporting and accountability
   - To ensure that emissions trading provides real, cost-effective and verifiable environmental benefits, and that trading of 'hot air' does not lead to emissions reductions being lower than would otherwise be the case
   - To define supplementarity, by means of a concrete ceiling for the three mechanisms
   - To ensure that the emissions trading system is transparent, accessible and verifiable, functions in a non-discriminatory manner, and does not lead to distortions of competition
   - To establish responsibility in the event of non-compliance
2. Principles, modalities, rules, and guidelines, for verification, reporting, and accountability
3. Environmental effectiveness and economic efficiency
4. Tradeable assigned amount unit
5. Participation, including Parties and legal entities
6. Eligibility
7. Institutional requirements
8. Recording and reporting
9. Verification and accountability
10. Liability
11. Competitive markets
12. Transparency
13. Compliance

Participation in trading

1. Eligibility of Parties
2. Eligibility of other entities under the responsibility and within the jurisdiction of a Party

Institutional issues

1. Determination of principles, rules, modalities and guidelines:
   - For procedures for recording and reporting transfers and acquisitions of parts of assigned amounts
   - For a national system for tracking and recording information on all trades by authorised legal entities

Linkage

1. Supplementarity, by means of a concrete ceiling for the three mechanisms
2. Compliance (need to adopt and ratify Article 18)
3. Articles 3, 5, 6, 7, 8, 12 and 18
4. Fungibility with CERs and ERUs

Additional proposals are contained in documents FCCC/SB/1998/2; FCCC/SB/1998/MISC.1 and Add.1 and Add.1 Rev.1; Add.3 and Add.3/Rev.1; Add.5 and Add.6; and FCCC/SB/1998/MISC.2 and Add.1.

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